

Include with your return.For the calendar year 2017 or fiscal year beginning MM/DD/2017 and ending MM/DD/20YY.

Name as shown on Form 140, 140PY, 140NR or 140X

Social Security Number

Individuals must complete this form to claim the credit for increased research activities. Do not complete Form 308. Complete this form if the taxpayer has:

- (a) a current taxable year's credit from the taxpayer's sole proprietorship; OR
 (b) a current taxable year's credit passed through from an S corporation or a partnership; OR
 (c) a carryover of unused credit from taxable year(s) 2002 and later.

Part 1 Qualification for the Credit

- 1 Did your sole proprietorship have qualified research expenses for the tax year indicated above? ☐ Yes ☐ No
 a If "Yes" and you are claiming the Arizona Credit for Increased Research Activities, go to line 2.
 b If "No", go to line 3.
- 2 Is this credit refundable? ☐ Yes ☐ No
 a If "Yes":
 1 Include a copy of the certification you received from the Arizona Commerce Authority (ACA).
 2 Enter the maximum refund amount authorized by the ACA here and on line 34a.....
 b If "No", go to line 3.
- 3 Are you claiming a pass through of this credit from a partnership or S corporation? ☐ Yes ☐ No
 (If you are claiming a pass through of this credit from more than one partnership and/or S corporation, include copies of all Form(s) 308-P and/or Form(s) 308-S you received.)
- 4 Is this pass through credit refundable? ☐ Yes ☐ No
- 5 If you answered "Yes" to the question on line 1, go to Part 2.
- 6 If you answered "No" to the question on line 1 and "Yes" to the question on line 3, go to Part 3.
- 7 If you answered "No" to the question on line 1 and "No" to the question on line 3, complete this form ONLY if you have credit carryovers. Go to Part 7 and/or 8. Otherwise, **STOP! YOU ARE NOT ELIGIBLE TO CLAIM THIS CREDIT.**
- 8 Reserved

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Part 2 Current Taxable Year's Credit Calculation (Sole Proprietorships Only)

| | | | | | | |
|--|---|----|---|----|--|----|
| 9 | Wages for qualified services (do not include wages used in figuring the federal work opportunity credit)..... | 9 | | 00 | | |
| 10 | Cost of supplies..... | 10 | | 00 | | |
| 11 | Rental or lease cost of computers..... | 11 | | 00 | | |
| 12 | Contract research expenses: See instructions..... | 12 | | 00 | | |
| 13 | Total research expenses: Add lines 9 through 12. Enter the total..... | 13 | | 00 | | |
| 14 | Research expenses included on lines 9 through 12 related to solar liquid fuel that will be claimed on Arizona Form 344..... | 14 | | 00 | | |
| 15 | Total qualified research expenses: Subtract line 14 from line 13. Enter the difference..... | 15 | | | | 00 |
| 16 | Average annual Arizona gross receipts: See instructions..... | 16 | | 00 | | |
| 17 | Fixed-base percentage [not more than 16% (.1600)]: See instructions..... | 17 | . | | | |
| 18 | Base amount: Multiply line 16 by the percentage on line 17. Enter the result..... | 18 | | | | 00 |
| 19 | Subtract line 18 from line 15. Enter the difference. If less than zero, enter "0"..... | 19 | | | | 00 |
| 20 | Multiply line 15 by 50% (.50). Enter the result..... | 20 | | | | 00 |
| 21 | Enter the lesser of line 19 or line 20..... | 21 | | | | 00 |
| • If line 21 is \$2,500,000 or less, complete line 22 and skip lines 23 through 25. • If line 21 is more than \$2,500,000, skip line 22 and complete lines 23 through 25. | | | | | | |
| 22 | Multiply line 21 by 24% (.24). Enter the result..... | 22 | | | | 00 |
| 23 | Subtract \$2,500,000 from line 21. Enter the difference..... | 23 | | | | 00 |
| 24 | Multiply line 23 by 15% (.15). Enter the result..... | 24 | | | | 00 |
| 25 | Add \$600,000 to line 24. Enter the total..... | 25 | | | | 00 |
| 26 | Enter the amount from line 22 or line 25 here..... | 26 | | | | 00 |

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| Name (as shown on page 1) | SSN |
|---------------------------|-----|

Part 3 Current Taxable Year's Credit Passed Through From S Corporations and Partnerships

| | | | |
|---|-----------|--|----|
| 27 Enter the total amount of this credit passed through from partnerships on Form 308-P, Part 2, line 4. | 27 | | 00 |
| 28 Enter the total amount of this credit passed through from S corporations on Form 308-S, Part 2 line 4. | 28 | | 00 |

Part 4 Total Current Taxable Year's Credit for Increased Research Activities

| | | | |
|---|-----------|--|----|
| 29 Total Credit: Add lines 26 through 28. Enter the total. This is your current year's total credit for increased research activities | 29 | | 00 |
|---|-----------|--|----|

Part 5 Refundable Portion of the Current Taxable Year's Excess Credit

Only complete Part 5 if you checked "Yes" in Part 1, line 1, or Part 1, line 3.

| | | | |
|--|------------|----|----|
| 30 Total current taxable year's credit: Enter the amount from Part 4, line 29..... | 30 | | 00 |
| 31a Subtotal of tax: Enter the amount from Form 140, line 48; or Form 140PY, line 60; or Form 140NR, line 58; or Form 140X, line 36..... | 31a | 00 | |
| 31b Nonrefundable tax credits: Enter the amount of nonrefundable tax credits from Form 301, Part 1, line 33 less the amount (if any) on Form 301, Part 1, line 5, column (c)..... | 31b | 00 | |
| 31c Current taxable year's credit for increased research activities that will be used to offset the current taxable year's tax liability: Subtract line 31b from line 31a and enter the difference. If the difference is zero or more, enter it on Part 9, line 57; also enter it on Form 301, Part 1, line 5, column (a), and on Form 301, Part 2, line 48. If the difference is less than zero, enter "0" | 31c | 00 | |
| 32 Current taxable year's excess credit: Subtract line 31c from line 30 and enter the difference. If less than zero, enter "0", because no refund is available | 32 | | 00 |
| 33 Tentative refundable credit: Multiply line 32 by 75% (.75). Enter the result..... | 33 | | 00 |

Maximum refundable credit: See instructions.

| | | | | |
|--|------------|----|--|----|
| 34a Enter the maximum refundable credit amount authorized by the ACA from Part 1, line 2a2 for the credit you earned..... | 34a | 00 | | |
| 34b Enter the partner's maximum refundable credit amount from Form 308-P, Part 3, line 6. | 34b | 00 | | |
| 34c Enter the shareholder's maximum refundable credit from Form 308-S, Part 3, line 6. | 34c | 00 | | |
| 34d Add the amounts on lines 34a through 34c. Enter the total here | 34d | | | 00 |
| 35 Refundable Credit: Enter the lesser of line 33 or line 34d. See instructions | 35 | | | 00 |

Complete Part 6 and Part 7 if you have carryovers from prior years. If you elect to receive a refund of 75% of the excess credit, you cannot carry forward any amount from the year of the refund.

Part 6 Available Pre-2003 Credit Carryover

| | (a) Taxable Year | (b) Original Credit Amount | (c) Amount Previously Used | (d) Available Carryover: Subtract column (c) from column (b). |
|---|---------------------|-------------------------------|-------------------------------|---|
| 36 | 2002 | 00 | 00 | 00 |
| 37 Total Available Pre-2003 Carryover: Enter the amount from line 36 column (d)..... | | | | 37 00 |

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| Name (as shown on page 1) | SSN |
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Part 7 Available Post-2002 Credit Carryover

| | (a) Taxable Year | (b) Original Credit Amount | (c) Amount Previously Used | (d) Available Carryover: Subtract column (c) from column (b). |
|----|---|-------------------------------|-------------------------------|---|
| 38 | 2003 | 00 | 00 | 00 |
| 39 | 2004 | 00 | 00 | 00 |
| 40 | 2005 | 00 | 00 | 00 |
| 41 | 2006 | 00 | 00 | 00 |
| 42 | 2007 | 00 | 00 | 00 |
| 43 | 2008 | 00 | 00 | 00 |
| 44 | 2009 | 00 | 00 | 00 |
| 45 | 2010 | 00 | 00 | 00 |
| 46 | 2011 | 00 | 00 | 00 |
| 47 | 2012 | 00 | 00 | 00 |
| 48 | 2013 | 00 | 00 | 00 |
| 49 | 2014 | 00 | 00 | 00 |
| 50 | 2015 | 00 | 00 | 00 |
| 51 | 2016 | 00 | 00 | 00 |
| 52 | Total Available Post-2002 Carryover: Add lines 38 through 51 in column (d). Enter the total | | | 52 00 |

Part 8 Limitation of Credit Carryovers

If you completed Part 5 and are receiving a refund, do not complete Part 8.

LIMITATION OF PRE-2003 CREDIT CARRYOVER: You may not be able to use all of your available pre-2003 credit carryovers from Part 6 to offset this year's tax liability. Complete Part 8 to determine which credit carryovers you may claim. Also complete Part 8 to figure the total of all of your available credit carryovers (amounts from Part 6, line 37, column (d), and Part 7, line 52, column (d)) that you may claim this year.

| | | | |
|-----|--|-----|----|
| 53a | Current year's liability: Enter the amount from Form 301, Part 2, line 41 | 53a | 00 |
| 53b | Current year's total credit: Enter the amount from Part 4, line 29 | 53b | 00 |
| 53c | Subtract line 53b from line 53a. If the difference is zero or less, enter "0" | 53c | 00 |
| 54a | Available pre-2003 credit carryover: Enter the amount from Part 6, line 37, column (d) | 54a | 00 |
| 54b | Enter the lesser of line 53a or \$500,000 | 54b | 00 |
| 54c | Subtract line 53b from line 54b. If the difference is zero or less, enter "0" | 54c | 00 |
| 54d | Enter the lesser of line 54a or line 54c. This is the amount of pre-2003 carryover that you may use | 54d | 00 |
| 55 | Subtract line 54d from line 53c. Enter the difference | 55 | 00 |
| 56 | Enter the lesser of Part 7, line 52, column (d) or line 55. This is the amount of post-2002 carryover that you may use | 56 | 00 |

Part 9 Total Available Nonrefundable Credit

| | | | |
|----|--|----|----|
| 57 | Current year's credit: If you completed Part 5 and are receiving a refund, enter the amount from Part 5, line 31c. Otherwise, enter the amount from Part 4, line 29. • Also enter this amount on Form 301, line 5, column (a) | 57 | 00 |
| 58 | If you completed Part 5 and are receiving a refund, enter "0". Otherwise, enter the pre-2003 carryover from Part 8, line 54d | 58 | 00 |
| 59 | If you completed Part 5 and are receiving a refund, enter "0". Otherwise, enter the post-2002 carryover from Part 8, line 56. • Also enter the total of lines 57 and 58 (total carryover) on Form 301, line 5, column (b) | 59 | 00 |
| 60 | Total available credit: Add lines 57, 58, and 59. Enter the total. • Also enter this amount on Form 301, Part 1, line 5, column (c) | 60 | 00 |